



**Southwest Airlines
Federal Credit Union**

August 4, 2009
Board of Governors of the Federal Reserve
20th & C Streets NW
Washington, DC 20551
RE: Credit CARD Act of 2009 and the Impact on Credit Unions

Dear Board of Governors,

This letter is to comment on the Credit Card Accountability Responsibility and Disclosure Act of 2009 and its impact on Credit Unions, specifically Southwest Airlines Federal Credit Union (SWACU). The act, as written and approved on May 22, 2009, contains several conditions that will cause significant compliance and implementation problems for our Credit Union. SWACU, located in Dallas, Texas, has five branches and an asset size of 185 million. We serve approximately 31,000 members.

Section 106 of the CARD Act, which prohibits creditors from treating payments as late unless the creditor adopts reasonable procedures to ensure that periodic statements are mailed or delivered to the consumer no later than 21 days before the payment due date, creates a negative impact to SWACU.

We urge you to consider the following:

1. Our members receive one consolidated statement that includes all of their loan (excluding credit cards and real estate), share and share draft accounts. Each loan account (as many members have several lines under the same account number) is itemized on this statement with corresponding due dates. This rule will necessitate the mailing of multiple statements during the month which will cause high and unnecessary costs to the Credit Union and confusion for the members.
2. Members are currently allowed to choose their own due dates within designated time frames. As an employee based credit union the majority of our members choose bi-monthly payments which are automatically drafted from their paychecks. Case and point, Southwest Airlines our largest sponsor company pays their employees on the 5th and 20th of each month and our members make their loan payments via payroll deduction. The 21 day rule in Section 106 would take away the member's ability to make payments at their convenience. It will also result in them paying more interest as they will only be allowed one payment per month – this is not consumer friendly.
3. Our open-ended HELOC payments are contractually due on the 20th of the month. The 21 day rule would cause us to change the terms of this product which will be a difficult and not possible prior to the August 20th deadline.
4. Our data processor may not be prepared for these changes by the August 20th deadline. In addition, the deadline does not afford the credit union enough time to contact and implement such a massive change with either a different vendor or attempt such a change in-house.

Southwest Airlines Federal Credit Union supports the efforts of the Credit CARD Act of 2009. However, we have great concerns about the portions of this Act which include loan types other than credit cards. The majority of our open-end loan products are fixed rate installment loans with a standard due date and payment amount. We have never engaged in the predatory lending practices which have brought on these legislative changes. But these changes will adversely affect our current open ended lending practices which members have been accustomed to for over 30 years.

We believe the current legislation which includes all open-end loans, along with credit cards is not in the best interest of the consumer and will negatively impact both our members and the credit union industry. At a bare minimum we would request a delay in the deadline of August 20, 2009. We believe this deadline is unreasonable as it may take several months to sort out the complex issues with our Data Processor and how to lessen the impact to our membership.

Sincerely,

Cynde Jones
Executive Vice President
Southwest Airlines Federal Credit Union

CC: Texas Credit Union League
CUNA
NCUA – Chairman Fryzel